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23 Juli 2014

Apakah berlanjutnya persoalan di sistem perbankan Eropa akan menekan euro?

"The general view has been that the banking problem is out of the way, the euro zone debt crisis is finished, the existential crisis is over, and it's all going to be fine. But we saw some really quite bad shudders down in Portugal. There were also some very serious concerns about one or two of the Austrian banks. And what no one has noticed is what's happening in these Mediterranean countries. We've seen the bailouts of course. We've seen the Greeks bailed out more than once. We've seen the Cypriots bailed out, Portugal, Spain. All of this stuff has been going on and yet we've been told the problems are over. And the reality is the banks are in as big a mess as they ever were. Actually, the national debt ratios of these countries that have been bailed out over the last couple of years has slowly but surely been increasing in every single member state. So we've seen a sudden sort of realization that this problem hasn't gone away."

-- MEP Nigel Farage

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Persoalan salah satu bank terkemuka Portugal, Banco Espirito Santo, belum lama ini kembali mengingatkan para investor bahwa persoalan perbankan Eropa belum selesai.

Zona euro masih didera isu yang sama yang menjadi penyebab krisis finansialnya. Yakni 18 negara dengan tingkat ekonomi dan prioritas yang beragam mencoba menggunakan mata uang tunggal.

Tidak akan dapat berhasil bagaimanapun ECB meyakininya.

Martin Fluck, yang telah mempelajari dan menulis tentang pasar finansial selama 20 tahun, berpendapat di bawah ini bahwa Zona euro kelihatan pelan-pelan merosot kembali ke jurang krisisnya, dan juga memberitahu kita mengenai peristiwa pada musim gugur ini yang dapat menyeret kembali bank-bank Eropa yang rapuh:

The Stress Test That Could Stress Markets

“If you thought the Euro zone crisis was in the past, think again.

Last week, news that Portuguese bank Banco Espirito Santo was in trouble shook markets. Europe’s financial markets remain jittery, because its banking system is still fragile. Europe’s banks still haven’t repaired their balance sheets, so they’re not willing to lend to each other… never mind lending to small and medium-sized businesses.

The EU is publishing the results of its latest stress tests in October. It hopes the results will restore trust and boost lending to the private sector. But I think the tests might backfire and trigger a fresh crisis.

Should the tests be conducted honestly, they’ll reveal bad loans on overvalued assets. That’s a problem for the Euro zone, because unlike the US, it has no capital in reserve to recapitalize its banks.

The tests are supposed to be as credible as those carried out in the US, but the suspicion is that they have once again been designed to paper over the fact that the entire EU banking system is insolvent. Remember: Belgian Bank Dexia got top marks in Europe’s last round of stress tests in 2011, but Dexia had to be nationalized and then wound up soon after.

This time around, the tests do not even consider the possibility that the Euro zone could end up in a deflationary debt spiral. That’s the real threat everyone’s most terrified of, given that the ’recovery’ is losing momentum.

It’s a near mathematical impossibility that the weakest members of the Euro zone can grow their way out of their debt. If deflation takes hold—as it has already in Greece and Cyprus, and is close in Portugal, Spain, and Italy—all bets are off.

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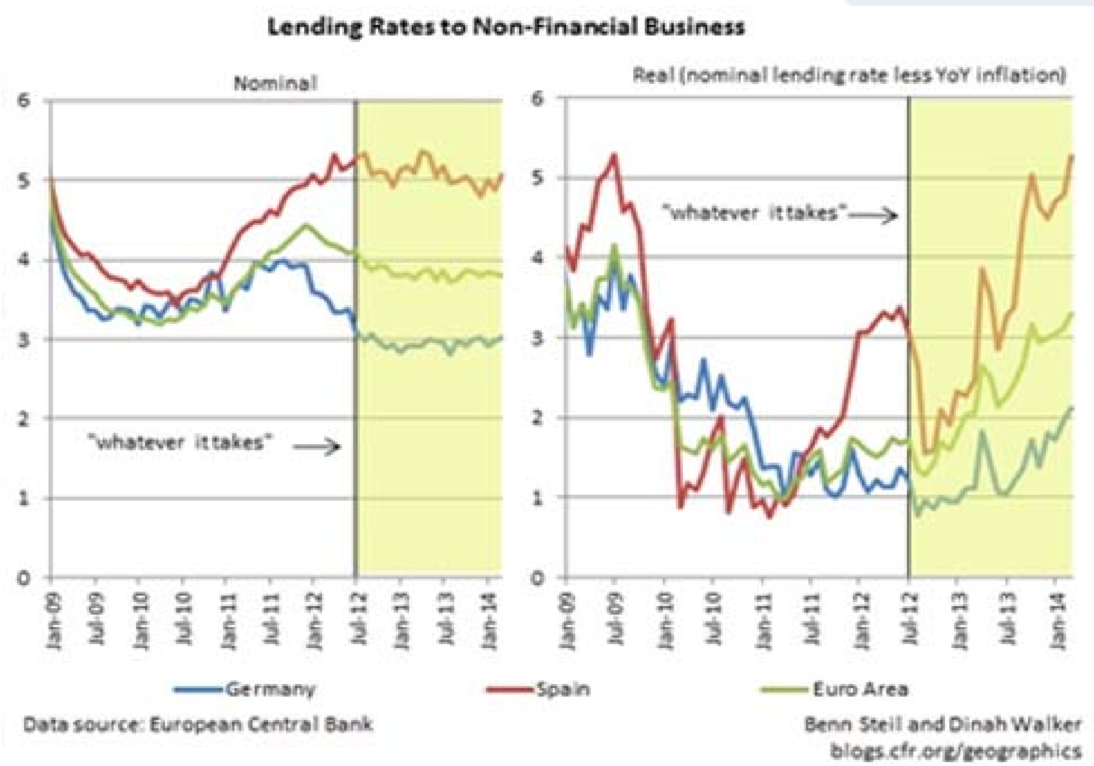
Right now, the omens aren't good. The ECB's monetary stimulus is not being transmitted to the countries where it's most needed. The Spanish and Italian corporate sectors, dominated by smaller firms that are dependent on banks for finance, must pay much higher borrowing costs than small firms in northern Europe. In May, household loans in Europe declined at the fastest rate ever recorded—and the largest decline in lending to non-financial corporations occurred in Italy and Spain.

Since ECB president Mario Draghi said he'd do "whatever it takes" to save the euro in 2012, real inflation-adjusted lending rates for nonfinancial businesses have actually risen steadily. In Spain, rates are back up to their 2009 peak:



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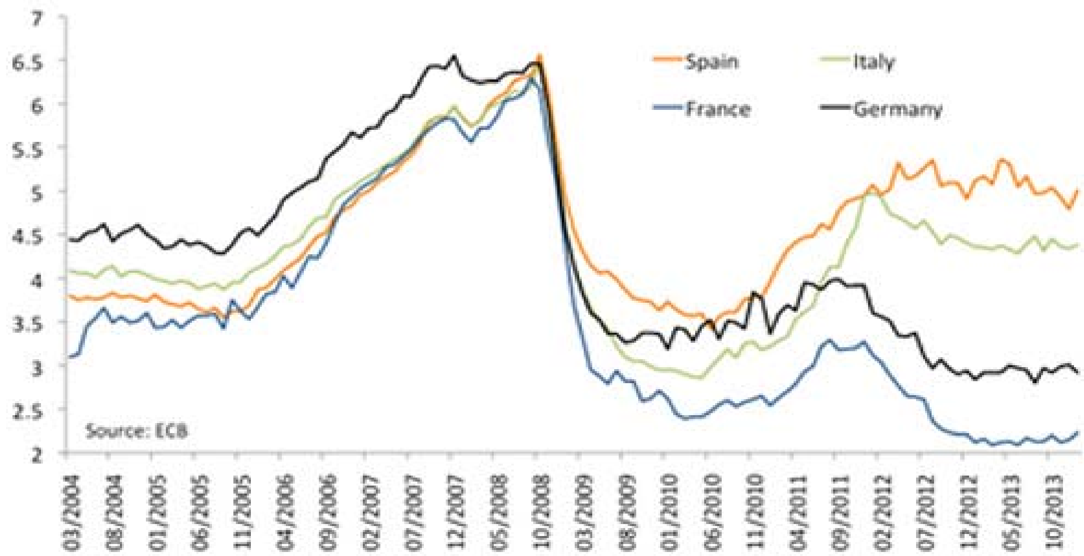
Two-speed Europe: interest rates on new business loans to non-financial corporations, up to €1m, 1-5yrs (%)



The Euro zone remains unstable, because its monetary system is flawed. The euro allows stronger countries like Germany to benefit from lower borrowing costs, capital inflows, and the immigration of skilled workers. Meanwhile, higher real interest rates in weaker countries push them ever deeper into deflation. Unless the Euro zone is prepared to become a United States of Europe and raise taxes at a European level, Europe will never experience an economic convergence.

But we know that Europe's politicians are never going to give up their national sovereignty to create a genuine fiscal, political, and monetary union. They couldn't even agree to share risk across national lines by forming a proper banking union.

As growth slows, the ECB is getting desperate. It lowered its benchmark interest rate to 0.15% and introduced negative interest rates on bank deposits in June. Neither will make much of a difference. Nor would quantitative easing, even if the ECB could overcome Germany's opposition to it. Businesses and consumers are already maxed out, and the ECB has already monetized banks' excess collateral.

We learned from the Latin American debt crisis in the 80s that a country couldn't overcome a debt crisis without addressing its debt overhang. The Brady Plan accomplished this for Latin America in the early 90s. But Europe has yet to realize it. The euro crisis is now in its fifth year, and investors should brace for sovereign defaults.

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Perhaps Italy and Greece will force the issue. History shows that heavily indebted countries are most likely to default, once they have achieved primary budget surpluses—like Italy and Greece have. In the face of 26.7% unemployment and growing political extremism, the temptation to quit the euro must be growing.

The belief that the euro has been saved is lulling investors into taking on too much risk, as they did in 2007. Whatever the outcome of the EU's stress tests, it's only a matter of time before the Euro zone debt crisis re-erupts."

Untuk mengingatkan Anda mengenai skala persoalan perbankan Eropa, berikut Tyler Durden dari www.zerohedge.com menulis artikel menarik mengenai Deutsche Bank:

NY Fed Slams Deutsche Bank (And Its €55 Trillion In Derivatives): Accuses It Of "Significant Operational Risk"

*"First it was French BNP that was punished with a $9 billion legal fee after France refused to cancel the Mistral warship shipment to Russia (which promptly led to French National Bank head Christian Noyer to warn that the days of the USD as a reserve currency are numbered), and now moments ago, none other than the 150x-levered NY Fed tapped Angela Merkel on the shoulder with a polite reminder to vote **"Yes"** on the next, "Level-3" round of Russia sanctions when it revealed, via the WSJ, that "**Deutsche Bank's giant U.S. operations suffer from a litany of serious problems, including shoddy financial reporting, inadequate auditing and oversight and weak technology systems**."*

*What could possibly go wrong? Well... this. Recall that as we have shown for two years in a row, Deutsche has a total derivative exposure that amounts to €55 trillion or just about $75 trillion. That's a trillion with a T, and is about 100 times greater than the €522 billion in deposits the bank has. **It is also 5x greater than the GDP of Europe and more or less the same as the GDP of... the world.***

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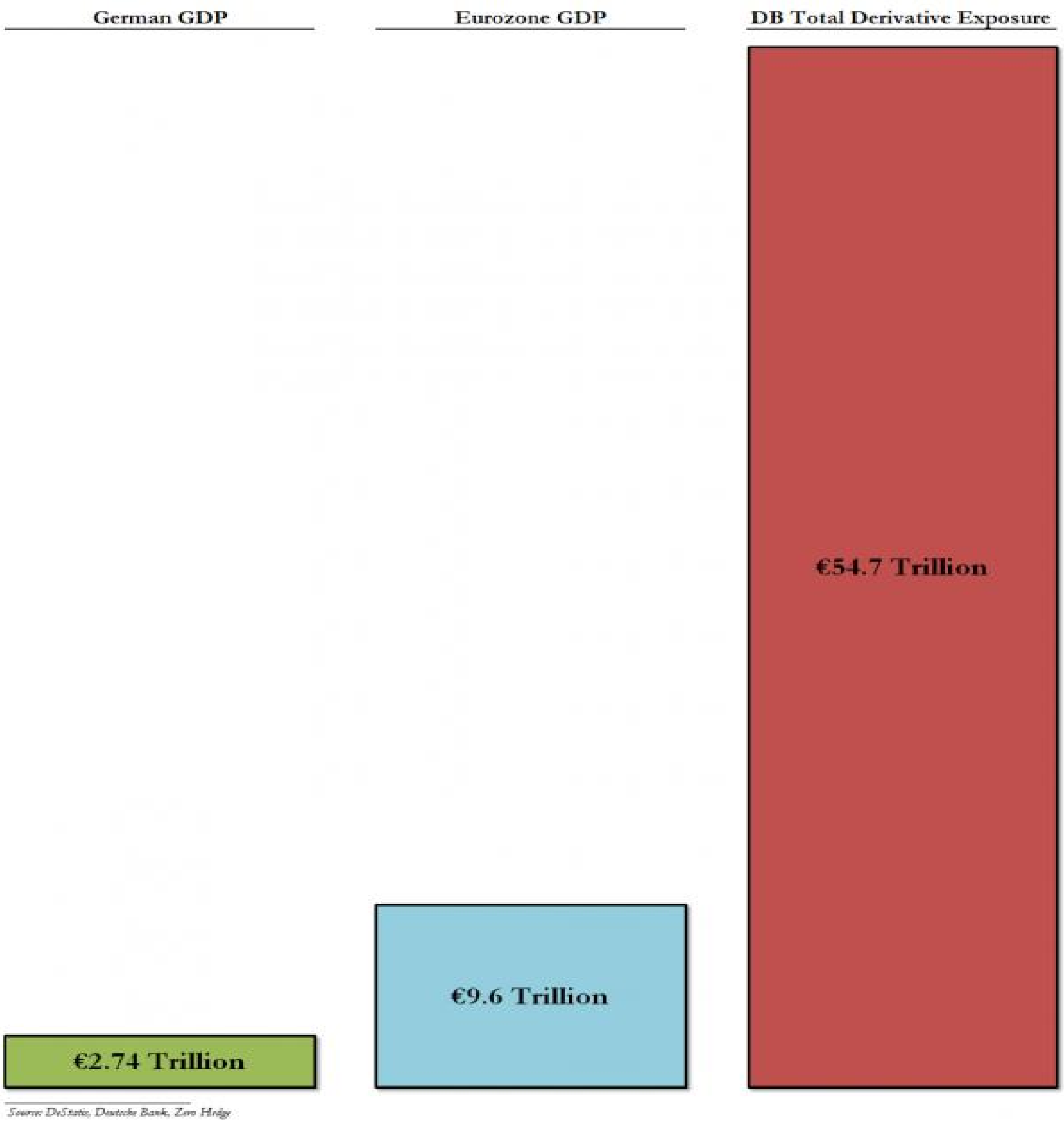

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More from WSJ:

> *In a letter to Deutsche Bank executives last December, a senior official with the New York Fed wrote that financial reports produced by some of the bank's U.S. arms "are of low quality, inaccurate and unreliable. The size and breadth of errors strongly suggest that the firm's entire U.S. regulatory reporting structure requires wide-ranging remedial action."*
>
> *The criticism from the New York Fed represents a sharp rebuke to one of the world's biggest banks, and it comes at a time when federal regulators say they are increasingly focused on the health of overseas lenders with substantial U.S. operations.*
>
> *The Dec. 11 letter, excerpts of which were reviewed by the Journal, said Deutsche Bank had made "no progress" at fixing previously identified problems. It said examiners found "material errors and poor data integrity" in its U.S. entities' public filings, which are used by regulators, economists and investors to evaluate its operations.*
>
> *The shortcomings amount to a "**systemic breakdown**" and "**expose the firm to significant operational risk and misstated regulatory reports**," said the letter from Daniel Muccia, a New York Fed senior vice president responsible for supervising Deutsche Bank.*
>
> *...*
>
> ***Deutsche Bank's external auditor, KPMG LLP, also identified "deficiencies" in the way the bank's U.S. entities were reporting financial data in 2013, according to a Deutsche Bank email reviewed by the Journal.***

Oh wait, so those €55 trillion in derivatives are actually completely ***fabricated***? Well if that doesn't send the S&P 500 limit up nothing will.

DB's response is the generic one already attempted by that other permacriminal bank, Barclays, which hired a few hundred compliance people after it was revealed that the British firm was manipulating and rigging pretty much every product and market it was involved in.

> *"We have been working diligently to further strengthen our systems and controls and are committed to being best in class," a Deutsche Bank spokesman said Tuesday. As part of this, he said, the bank is spending €1 billion globally and appointing 1,300 people, including about 500 compliance, risk and technology employees in the U.S. Mr. Muccia declined to comment.*

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Sadly for now what this latest Pandora's box means is that confidence in Europe's insolvent banks just crashed with a bang once again, not that it would be reflected in the stock's rigged price of course: rigged most likely by Deutsche Bank among others of course.

> *The New York Fed's concerns also pose a challenge for Deutsche Bank's longtime finance chief, Stefan Krause, who is ultimately responsible for the company's financial figures and has been spearheading efforts to improve the quality of the bank's reporting.*
>
> *The concerns from regulators strike at the heart of an issue plaguing many of the world's big banks: Some investors lack confidence in the integrity of their numbers. Such fears have been especially prevalent in Europe.*

Then again, none of DB's numbers actually matter: if the banks needs a bailout the Fed will promptly step in, and today's advisory has one simple end point, which happens to be the same as the recent BNP $9 billion fine - don't even dare to side with Putin over the US. Because you sure have big banks over there Germany... It would be a pity if the NY Fed i) revealed just how insolvent it truly was and ii) decided not to bail it out subsequently.

* * *

As for Deutsche Bank's response perhaps the simplest and most effective one would be for the Frankfurt megabank to tell the NY Fed that perhaps its own **150x leverage** is just a little more worthy of attention."

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<u>What Do the Charts Say?</u>

EURUSD diperdagangkan di bawah *downtrend resistance*-nya sejak mencapai puncak sekitar 1.40 di awal Mei lalu, seperti Anda dapat lihat dalam grafik harian di bawah ini:

Jadi apakah euro/dollar akan tertahan sebelum pergerakan berikutnya dan terkonsolidasi di sekitar 1.35, atau … apakah sudah diambang kejatuhannya?

Menurut John C. Burford, seorang editor di *MoneyWeek Trader*, ***euro mulai terlihat goyah:***

<u>18 July, 2014</u>

"It has been a while since I covered the EUR/USD cross and today, I thought I would update you on my analysis. There are some important developments taking place that merit my attention – and I hope yours as well.

The reason for my recent neglect is simple: there was really not much going on – until two weeks ago.

But with global markets increasingly on a knife-edge – and the late news of the shooting-down of an airliner over the Russia-Ukraine border aiding nervousness – financial markets are about to experience a lot more volatility. This will only serve to put upward pressure on the US dollar, and downward pressure on the euro.

The warning sign to watch for

To refresh memories, here is the multi-year daily chart:

Clearly, the long-term trend remains down, and the rally off the 2012 low is in a clear A-B-C, which is always a counter-trend pattern. That means that when the C wave was in, the next immediate trend would be down.

This is one of my favorite trading setups where I position with the major trend at the end of the counter-trend C wave.

In my Trade for Profit Academy I teach how to spot these very profitable situations.

When the market made it to the 1.40 level, where the Fibonacci 50% retrace met the downtrend line (huge resistance there), that capped off my C wave and the market turned down right on cue.

Note that momentum was losing steam all the way up to 1.40, warning me to get ready for a trend change.

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Which way will the new trend go?

So is the market resuming its solid downtrend? Let’s zoom in and take a look:

The key reversal on 8 May is a stand-out feature. It appears on both the daily and weekly charts.

A key reversal is a very important chart pattern that indicates a major trend change. The market rallied up to the 1.40 level and then was hit by heavy selling to produce a large pigtail and a much lower close on the day. That is a telltale sign that the market had run out of buyers and the new trend is down.

The move off the 1.40 level was swift and within a month, the market had lost five cents. It then found support on the trend line drawn off the July 2012 low and the July 2013 low. For the remainder of June, the market drifted up in a relief rally before turning at the 1.37 level. The market broke below that support on Tuesday. That was a crucial break.

It was crucial because it helped confirm that the market is now very likely in a third wave down.

Also, I can count a smaller wave pattern with waves 1 and 2 off the wave 2 high at 1.37. The market is in this smaller wave 3 down.

That means we are in a ‘third of a third’ – a very powerful pattern.

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How to more accurately forecast wave direction

Here is the hourly chart:

I have drawn a very good tramline pair and this week, the market has broken lower tramline support and is testing the chart support in the pink zone.

A solid low-risk trade entry was on the break of the green wedge at the 1.36 area. A slightly higher-risk entry was at the break of the lower tramline in the 1.3550 area.

One of the most useful features of Elliott wave theory is that if you have identified correct wave labels, you can make an accurate forecast for the direction and speed of the next move. Very few other methods can give you this vital information.

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This setup offers huge potential profits

If we are in a third of a third, I can expect the market to make rapid progress down through the pink support zone. But what are my targets?

Here are the Fibonacci levels drawn off the large wave up from the July 2012 low. The market is currently testing the Fibonacci 23% support (as well as chart support). My main targets are the 50% and 62% levels, with the 38% level at 1.32 a major barrier.

The potential profits on this setup are huge, of course. A one-cent move is worth $1,000 for a basic £1 spread bet. For instance, if my 1.28 target is achieved, the potential profit is $8,000 for that £1 bet.

Longer-term, and if my wave labels are correct, the market should eventually reach the start of the A-B-C at the 1.22 area at least.

Those are the kinds of profits well worth working for!"

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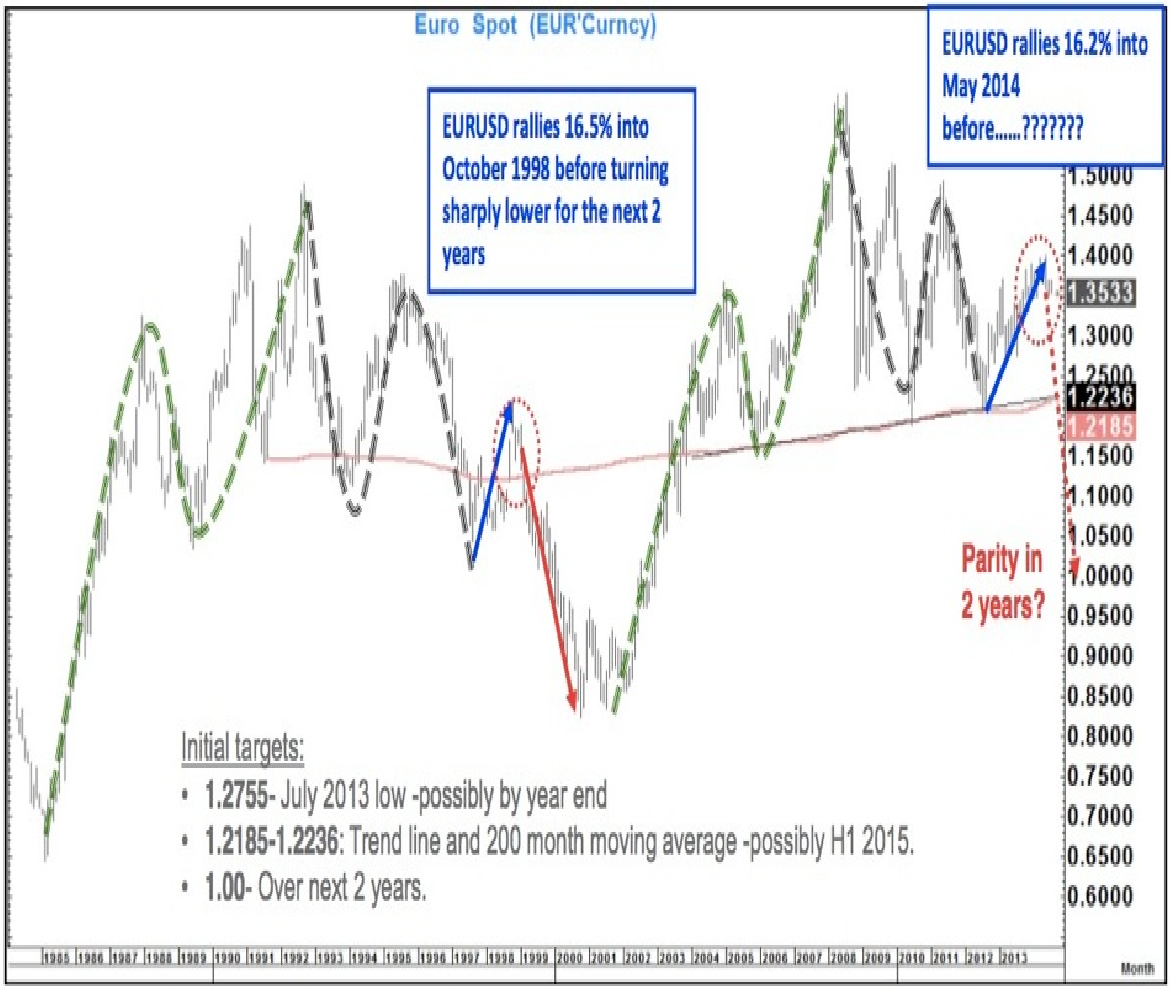
Selain itu, analis terkemuka dari *Citi*, Tom Fitzpatrick, pekan lalu juga merilis grafik yang sangat penting mengenai EURUSD:

This remains our favorite comparison with history



Source: Aspen Graphics /Bloomberg; July 16th, 2014.

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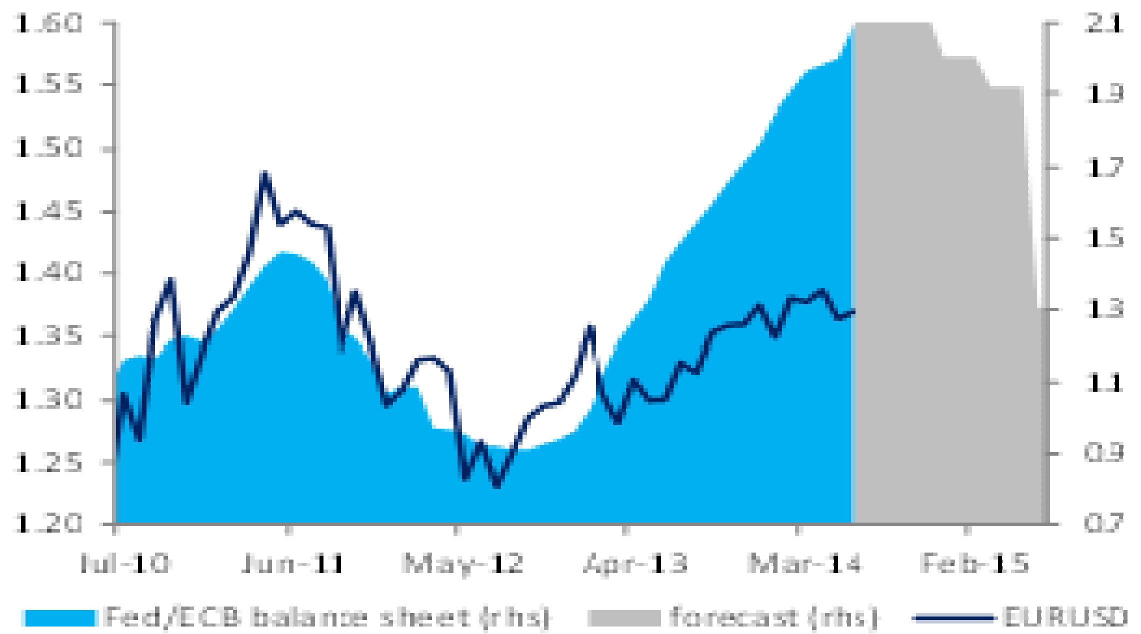
4 grafik yang memberikan sinyal EUR akan turun lebih lanjut

Tekanan EURUSD mungkin akan berlanjut karena prospek kebijakan moneter keduanya dapat menekan *balance sheet ratio* the Fed/ECB dalam waktu dekat.

Valentin Marinov dari *Citi* juga meyakini bahwa data-data keduanya yang mengejutkan serta tolak ukur siklus mendatang seperti persediaan perbankan lebih memperbanyak USD daripada EUR serta menurutnya akun-akun yang *leverage* akan mulai mengambil posisi jual lagi karena *real money* terus melakukan tekanan jual EUR:

"The July ECB meeting underscored the prospect for larger ECB balance sheet from here. The upcoming Fed minutes and speeches as well as Yellen's semi-annual testimony in coming weeks could highlights that the bank is firmly on course to exit QE before long. ***The diverging policy outlook should be reflected in falling Fed/ECB balance sheet ratio*** *(Figure 1).*



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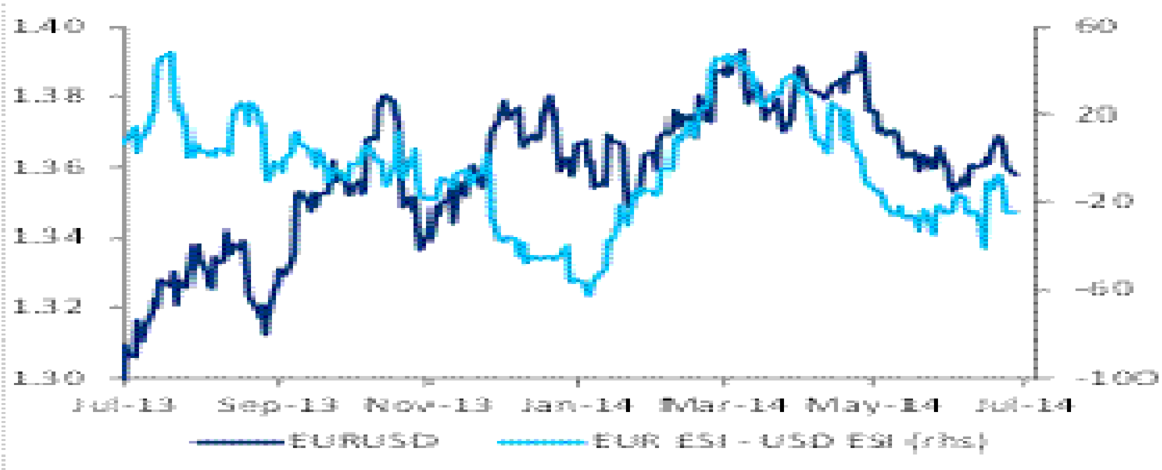
*The divergence is further underscored by the **growing disparity between positive economic surprises** out of the US and disappointments out of the Euro zone (Figure 2).*



*The data seem to have fuelled concerns about **renewed cyclical downturn in the Euro zone while strengthening market belief in the US recovery**. Given that bank stocks are a good forward looking gauge of cyclical outlook, the latest development pushed the EZ/US bank stocks ratio lower again (Figure 3).*

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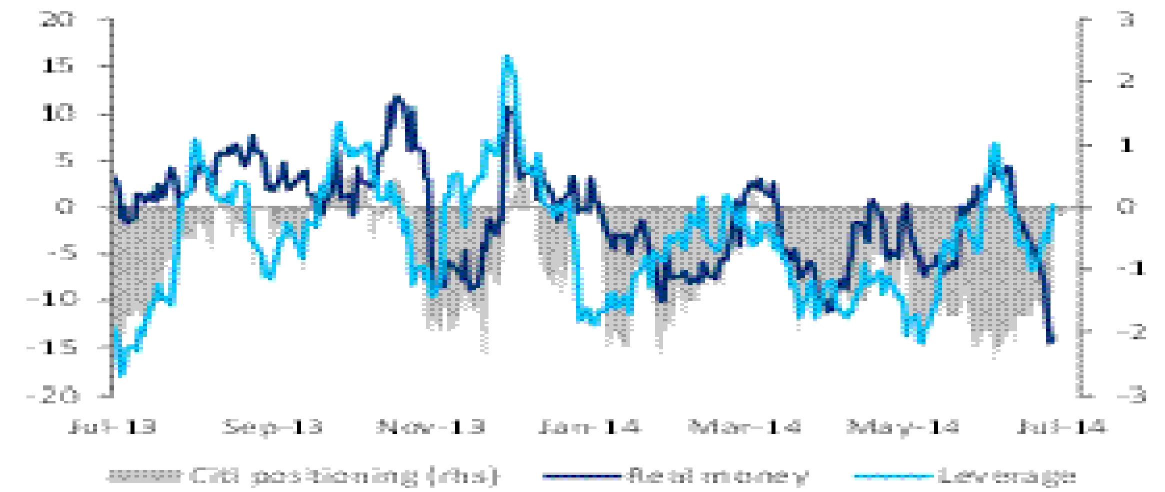
*Last but not least, **investor positioning seems to suggest that leveraged accounts cut their EUR-shorts and could add again** as real money keep selling the euro (Figure 4).*



Appendix

We expect the ratio of ECB/Fed balance sheets to move lower before long. Given the historic correlation between EURUSD and the ratio of Fed/ECB balance sheet - this should underscore the downside risks to EURUSD (Figure 1). We simulate that ECB/Fed balance sheet ratio assuming that:

1/ The ECB's balance sheet would expand by ca 250bn as a result of the two T-LTRO tranches in September and December 2014. This follows on our assumption that about 150bn of T-LTRO would be taken up by banks in the periphery and (mostly) used to repay LTRO loans. The T-LTRO take-up is assumed to increases by 100bn in March and June 2015.

2/ The ECB balance sheet grows by additional EUR1tn of unsterilized ABS and government bond purchases in June 2015;

3/ The Fed's completes taper by October but continues to reinvest proceeds from its portfolio thus keeping the size of its balance sheet."

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Conclusion

Terakhir yang tak kalah penting adalah kembali ke Tyler Durden dari www.zerohedge.com yang memberikan komentar keras mengenai situasi terkini di Eropa:

CEO Of Europe's Largest Insurer Pops The Utopia Bubble: "Nothing Is Solved And Everybody Knows It"

*It's one thing for a tinfoil fringe blog to repeat, month after month, that **nothing** in Europe has been fixed, that Draghi's disastrous policies are merely concentrating and stockpiling even more unresolved problems - for now ignored courtesy of the gentle sprinkle of ZIRP, or rather NIRP "fairy dust" - and that just like Portugal showed panic can grip the entire continent literally overnight because **everyone knows this.** It is something entirely different for the CEO of Europe's largest insurer to make the same statement.*

From Bloomberg:

> *When asking Allianz SE's chief investment officer about the euro area's sovereign debt woes, be prepared for an emphatic response.*
>
> *"**The fundamental problems are not solved and everybody knows it**," Maximilian Zimmerer said at Bloomberg LP's London office. The **"euro crisis is not over,"** he said.*
>
> *While extraordinary stimulus from the European Central Bank has encouraged investors to pile into the region's government bonds this year, **that's not a sufficient remedy for Zimmerer, who oversees 556 billion euros ($757 billion) at Europe's largest insurer.** Countries are still building up their debt piles, **and that's storing up trouble for the future, he said.***
>
> *As Zimmerer was speaking, investors were getting a reminder of the volatility that was rife through the sovereign debt crisis that started in 2009, as sliding stocks and bonds of Portuguese financial institutions rippled across the region's markets. Amid a four-day slump, yields on Portugal's 10-year bonds ended yesterday 279 basis points higher than their German counterparts, the widest spread since March 18. The securities recovered some of their losses today, tightening the spread to 268 basis points at 10:27 a.m. London time.*
>
> ***"There is only one country where the debt level last year was lower than 2012 and this is a signal the debt crisis can't be over, only a recognition of the debt crisis has changed," Zimmerer said on July 9. "If the debt levels are not going down in the end we will have a problem, that is for sure."***

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And crickets.

Here's the punch line: ***everyone knows that Draghi, the unelected dictators of Europe, and all of its bankers are lying when they say day after day that things are better****. However, at least there was unanimity in the "head-in-the-sand" exercise, which recall from game theory works only if all participants in the charade agree to the ignore reality.*

Today for the first time, a "member of the club" finally called out Europe on its bullshit: something that is not allowed under game theory. What's worse, he made it quite clear that everyone else knows they are not only lying to others, but lying to themselves.

What happens next may be very unpleasant, because as always happens, following protracted periods of denial, and Europe has been living in a vacuum completely dislocated from reality for exactly two years since Draghi's "Whatever it takes" speech, there is very violent convergence between reality and idiocy. And Europe is just about due for precisely that kind of denial-shattering convergence.

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Di akhit laporan saya, agar Anda senantiasa ceria, berikut saya lampirkan gambar yang sangat lucu tentang anjing 'gila':

Terima kasih sudah membaca dan semoga beruntung!

Regards,
Nico Omer Jonckheere
VP Research and Analysis
PT. Valbury Asia Futures